

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Grand Travers Conservation District	County Gd. Traverse
Fiscal Year End 9/30/06	Opinion Date 1/11/07	Date Audit Report Submitted to State 3/27/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) J L Stephan Co, PC		Telephone Number (231) 941-7600	
Street Address 862 E. Eighth Street		City Traverse City	State MI
Zip 49686			
Authorizing CPA Signature 	Printed Name Jerry L. Stephan	License Number 1101010359	

**GRAND TRAVERSE  
CONSERVATION DISTRICT**  
*Grand Traverse County, Michigan*

*AUDITED FINANCIAL STATEMENTS*

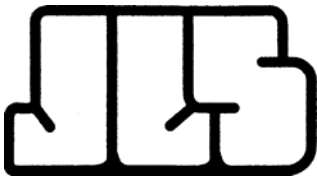
*FOR THE YEAR ENDED SEPTEMBER 30, 2006*

## Contents

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	<b><u>Page</u></b>
<b>FINANCIAL SECTION</b>	
<u>Independent Auditor's Report</u>	1
<u>Financial Statements</u>	
<u>Exhibit</u>	
A Governmental Funds Balance Sheet/Statement of Net Assets	2
B Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance/Statement of Activities	3
<u>Notes to Financial Statements</u>	4-8
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund	9-13
<b>OTHER INFORMATION (UNAUDITED)</b>	
<u>Comments and Recommendations</u>	14-15

FINANCIAL SECTION



# J L Stephan Co PC

## Certified Public Accountants

Jerry L. Stephan, CPA

Marty K. Szasz-Busby, CPA  
David Skibowski, Jr., CPA  
Christopher H. Cornell, CPA

### INDEPENDENT AUDITOR'S REPORT

To the District Board  
Grand Traverse Conservation District  
1222 Veterans Drive  
Traverse City, MI 49684

We have audited the accompanying financial statements of the governmental activities of the Grand Traverse Conservation District as of and for the year ended September 30, 2006 as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. These standards require that we plan and perform the audit to provide reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of September 30, 2006 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

The accompanying statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of the basic financial statements.

The budgetary comparison information on pages 9-13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*J. L. Stephan Co. P.C.*

January 11, 2007

**Grand Traverse Conservation District**  
*Governmental Funds Balance Sheet/Statement of Net Assets*  
September 30, 2006

*Exhibit A*

	<i>General Fund</i>		
	<i>Modified</i>		<i>Statement</i>
	<i>Accrual Basis</i>	<i>Adjustments</i>	<i>of Net Assets</i>
<b>Assets</b>			
Cash & Equivalents			
Unrestricted	\$ 209,479	\$ -	\$ 209,479
Boardman River Endowment	13,299	-	13,299
Receivables			
Townships	6,138	-	6,138
State	44,025	-	44,025
Others	25,000	-	25,000
Construction In Progress	-	50,376	50,376
Capital Assets - net	-	23,863	23,863
<b>Total Assets</b>	<b>\$ 297,941</b>	<b>\$ 74,239</b>	<b>\$ 372,180</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Payroll Liabilities	\$ 956	\$ -	\$ 956
<i>Total Current Liabilities</i>	956	-	956
<i>Long-Term Liabilities</i>			
Accrued Vacation	27,212	-	27,212
<i>Total Long-Term Liabilities</i>	27,212	-	27,212
<i>Total Liabilities</i>	28,168	-	28,168
<b>Fund Balance/Net Assets</b>			
Fund Balance - Reserved	131,339	(131,339)	-
Fund Balance - Undesignated	138,434	(138,434)	-
<i>Total Fund Equity</i>	269,773	(269,773)	-
<b>Total Liabilities and Fund Equity</b>	<b>\$ 297,941</b>		
<b>Net Assets</b>			
Invested in Capital Assets - net of debt		74,239	74,239
Restricted			
Boardman River Endowment - Principal		10,000	10,000
Boardman River Endowment - Expendable		3,299	3,299
Other		118,040	118,040
Unrestricted		138,434	138,434
<b>Total Net Assets</b>		<b>\$ 344,012</b>	<b>\$ 344,012</b>

See Accompanying Notes to Financial Statements

**Grand Traverse Conservation District**  
*Statement of Governmental Fund Revenues, Expenditures  
and Changes in Fund Balance/Statement of Activities  
As of September 30, 2006*

*Exhibit B*

	<i>General Fund</i>		
	<i>Modified</i>		<i>Statement</i>
	<i>Accrual Basis</i>	<i>Adjustments</i>	<i>of Activities</i>
<b>Revenues</b>			
Federal Grants	\$ -	\$ -	\$ -
State Grants	152,378	-	152,378
County Appropriations	83,307	-	83,307
Local Contributions	98,682	-	98,682
Consulting/Labor Fees	11,678	-	11,678
Charges for Services	22,494	-	22,494
Seedling & Native Plant Sales	60,719	-	60,719
Special Events	11,967	-	11,967
Other Sales	7,706	-	7,706
Rents	-	-	-
Interest	9,022	-	9,022
Contributions & Donations	197,009	13,050	210,059
Refunds & Reimbursements	4,184	-	4,184
Other Revenues	6,784	-	6,784
<i>Total Revenue</i>	<u>665,930</u>	<u>13,050</u>	<u>678,980</u>
<b>Expenditures</b>			
MEAP Signs	5,500	-	5,500
Boardman River Sand Traps	5,600	-	5,600
Contingency	-	-	-
General Operations	89,531	(6,825)	82,706
Groundwater Program	77,192	-	77,192
Forestry Assist Program	57,119	-	57,119
Gypsy Moth Program	24,642	-	24,642
CMI Restoration Grant	11,232	-	11,232
Parkland Program	78,127	-	78,127
Conservation Projects	51,630	-	51,630
Conservation Intern	6,020	-	6,020
Nature Center	61,033	(37,430)	23,603
Community Forestry Grant	66,004	-	66,004
Boardman River Project	115,608	(1,624)	113,984
Boardman River Intern	1,166	-	1,166
Other Expenditures			
Depreciation	-	2,805	2,805
<i>Total Expenditures</i>	<u>650,404</u>	<u>(43,074)</u>	<u>607,330</u>
<i>Excess Revenues Over (Under) Expenditures</i>	<u>15,526</u>	<u>56,124</u>	<u>71,650</u>
<i>Fund Balance - Beginning of Year</i>	<u>254,247</u>	<u>18,115</u>	<u>272,362</u>
 Fund Balance - End of Year	 <u>\$ 269,773</u>	 <u>\$ 74,239</u>	 <u>\$ 344,012</u>

*See Accompanying Notes to Financial Statements*

# **Grand Traverse Conservation District**

*Notes to Financial Statements  
For the Year Ended September 30, 2006*

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## ***Note 1 – Summary of Significant Accounting Policies***

The financial statements of Grand Traverse Conservation District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

### **A. Reporting Entity**

Grand Traverse Conservation District is a conservation district created in accordance with Michigan State statutes. The District is governed by a volunteer District board whose members are elected for four year terms at the annual meeting in accordance with State statutes.

The criteria established by Statement 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability.

The District operates as an autonomous agency completely separate from Grand Traverse County and the State of Michigan. On this basis, accordingly, the financial statements of the District have not been included in the financial statements of any other organizations.

### **B. Government –Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Expenses are those that are clearly identifiable with a specific function or segment. Revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Separate financial statements are provided for governmental funds.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



# Grand Traverse Conservation District

Notes to Financial Statements  
For the Year Ended September 30, 2006

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## **Note 1 – Summary of Significant Accounting Policies – continued**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The local unit reports the following major governmental fund:

*General Fund* - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from federal and state distributions, tree sales and contributions from other local governmental units.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

### *D. Assets, Liabilities, and Net Assets or Equity*

*Bank Deposits and Investments* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

*Capital Assets* – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation has been provided on these fixed assets using the straight line method over their estimated useful lives.

Furniture Fixtures & Equipment	5-15 years
Vehicles	7-10 years

*Restricted Assets* – The Boardman River Endowment was established for the stewardship of the Boardman River. The revenues from the endowment may be used for this purpose. Other restricted assets are amounts from grants and donations yet to be used as specified by the grantor or donor.

# **Grand Traverse Conservation District**

*Notes to Financial Statements  
For the Year Ended September 30, 2006*

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## **Note 1 – Summary of Significant Accounting Policies – continued**

*Compensated Absences (Vacation & Compensated Leave)* – It is the District's policy to permit employees to accumulated earned but unused compensatory time and vacation pay benefits. The liability reflects amounts due employees for unused benefits upon separation of employment at year-end.

*Fund Equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **Note 2 – Stewardship, Compliance and Accountability**

### **A. Budgets**

The General Fund is under formal budgetary control. Budgets shown in the financial statements for this fund were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the District.

In the body of the combined financial statements, the District's budgeted expenditures for the budgetary funds have been shown on a program or activity basis, the level at which they were adopted.

Encumbrance accounting is not used and appropriations normally lapse at year-end.

### **B. Budget Compliance**

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall adopt an annual budget and not incur expenditures in excess of the amount appropriated.

During the year ended September, 2006, the District had no expenditures in excess of amounts appropriated.

### **C. Concentration of Risk**

The majority of the District's revenues come from grants coming through the State of Michigan Department of Agriculture and Department of Environmental Quality. Loss of these grants would be detrimental to the ability of the organization to continue as a going concern.

# Grand Traverse Conservation District

Notes to Financial Statements  
For the Year Ended September 30, 2006

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## Note 3 - Deposits with Financial Institutions

### A. Michigan Compiled Laws, Section 129.91

This law authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements' bankers' acceptance of the United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit has designated one bank for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments as outlined above.

The Local Governmental Unit's deposits and investment policy are in accordance with the statutory authority.

### B. Types of Deposits and Investments

At year-end, the Local Unit's cash deposits and cash equivalents were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and Equivalents	\$ 209,429
Investments	-
Restricted Assets	<u>13,299</u>
Total Deposits	<u>\$ 222,728</u>

The breakdown between deposits and investments is as follows:

	Governmental Activities
Time & Demand Deposits	\$ 222,728
Investments	-
Cash on Hand	<u>50</u>
Total	<u>\$ 222,778</u>

The bank balance of the primary government's deposits is \$222,778 of which \$196,753 is covered by federal depository insurance.

# Grand Traverse Conservation District

Notes to Financial Statements  
For the Year Ended September 30, 2006

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## Note 4 - Changes in Capital Assets

Capital asset activity of the primary government for the current year is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Capital Assets Not Being Depreciated</i>				
Nature Center - Construction In Progress	\$ 12,946	\$ 37,430	\$ -	\$ 50,376
<i>Capital Assets Being Depreciated</i>				
Equipment	17,123	8,774	(12,465)	13,432
Furniture & Fixtures	15,000	-	-	15,000
Vehicles	<u>8,135</u>	<u>12,725</u>	<u>-</u>	<u>20,860</u>
	<u>40,258</u>	<u>21,499</u>	<u>(12,465)</u>	<u>49,292</u>
<i>Accumulated Depreciation</i>				
Equipment	(13,307)	(2,349)	12,465	(3,191)
Furniture & Fixtures	(15,000)	-	-	(15,000)
Vehicles	<u>(6,782)</u>	<u>(456)</u>	<u>-</u>	<u>(7,238)</u>
	<u>(35,089)</u>	<u>(2,805)</u>	<u>12,465</u>	<u>(25,429)</u>
<i>Net Capital Assets being Depreciated</i>	<u>5,169</u>	<u>18,694</u>	<u>-</u>	<u>23,863</u>
<i>Total Capital Assets of Governmental Activities – Net of Depreciation</i>	<u>\$ 18,115</u>	<u>\$ 56,124</u>	<u>\$ -</u>	<u>\$ 74,239</u>

## Note 5 - Risk Management

The District carries insurance coverage through Michigan Insurance Company for liability, property, crime and employee dishonesty. The District also carries worker's compensation insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## Note 6 – Commitments

Grand Traverse Conservation District is in the process of planning and building a new nature center. The district is responsible for raising funds for and construction costs of the new center. The building will be constructed on land owned by the county. The District will lease the land for \$1 per year for 99 years. The District is responsible for construction costs. The District will be responsible for maintenance and improvements over the term of the lease/life of the Center/improvements. At completion, "ownership shall vest in the County upon installation".

REQUIRED SUPPLEMENTAL INFORMATION

**Grand Traverse Conservation District**

Schedule 1

*Budgetary Comparison Schedule**General Fund**Year Ended September 30, 2006*

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	<i>Variance w/Amended Budget</i>
Beginning Fund Balance	\$ 254,247	\$ 254,247	\$ 254,247	\$ -
<b>Revenues</b>				
Federal Grants	-	-	-	-
State Grants	155,592	154,983	152,378	(2,605)
County Appropriations	-	-	83,307	83,307
Local Contributions	284,574	183,423	98,682	(84,741)
Consulting/labor Fees	-	-	11,678	11,678
Charges for Services	74,750	74,369	22,494	(51,875)
Seedling & Native Plant Sales	90,500	69,664	60,719	(8,945)
Special Events	-	-	11,967	11,967
Other Sales	-	-	7,706	7,706
Rents	-	-	-	-
Interest	2,720	5,220	9,022	3,802
Contributions & Donations	709,000	153,422	197,009	43,587
Refunds & Reimbursements	-	-	4,184	4,184
Other Revenues	11,590	19,422	6,784	(12,638)
Amount available	1,582,973	914,750	920,177	5,427
<b>Expenditures</b>				
MEAP Signs				
Printing & Publishing			5,500	
Other Expenditures			-	
	2,696	5,500	5,500	-
Boardman River Sand Traps	6,500	6,500	5,600	900
Contingency	6,000	6,000	-	6,000
General Operations				
Payroll Expenses			87,705	
Employee Benefits			6,767	
Office Expense & Utilities			5,562	
Accounting & Audit			2,400	
Contract Labor			-	
Dues & Subscriptions			1,000	
Sale Material Costs			728	
Advertising & Promotion			2,247	
Printing & Publishing			6,036	

See Accompanying Notes to Financial Statements

**Grand Traverse Conservation District**

Schedule 1

*Budgetary Comparison Schedule**General Fund**Year Ended September 30, 2006*

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	<i>Variance w/Amended Budget</i>
General Operations - continued				
Training			1,593	
Meetings & Travel			2,787	
Maintenance, Repairs & Rentals			4,701	
Insurances			2,376	
Event Expenses			622	
Other Expenditures			1,747	
Office Equipment & Furniture			6,825	
Admin. Expense Allocation			(43,565)	
	<u>86,346</u>	<u>92,508</u>	<u>89,531</u>	<u>2,977</u>
Groundwater Program				
Payroll Expenses			33,755	
Employee Benefits			8,985	
Office Expense & Utilities			2,251	
Admin. Expense Allocation			7,202	
Cost Share			18,939	
Training			1,184	
Meetings & Travel			-	
Maintenance, Repairs & Rentals			2,009	
Vehicle Maintenance			2,163	
Insurances			642	
Other Expenditures			62	
	<u>66,929</u>	<u>77,648</u>	<u>77,192</u>	<u>456</u>
Forestry Assist Program				
Payroll Expenses			40,849	
Employee Benefits			4,863	
Office Expense & Utilities			2,063	
Admin. Expense Allocation			4,903	
Printing & Publishing			-	
Training			163	
Meetings & Travel			328	
Maintenance, Repairs & Rentals			2,182	
Vehicle Maintenance			872	
Insurances			773	
Other Expenditures			123	
	<u>60,733</u>	<u>60,265</u>	<u>57,119</u>	<u>3,146</u>
Gypsy Moth Program				
Payroll Expenses			13,560	
Employee Benefits			2,035	
Office Expense & Utilities			1,621	

See Accompanying Notes to Financial Statements

**Grand Traverse Conservation District**

Schedule 1

*Budgetary Comparison Schedule**General Fund**Year Ended September 30, 2006*

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	<i>Variance w/Amended Budget</i>
Gypsy Moth Program - continued				
Admin. Expense Allocation			4,196	
Training			35	
Meetings & Travel			1,119	
Maintenance, Repairs & Rentals			1,966	
Insurances			45	
Other Expenditures			65	
	<u>26,272</u>	<u>25,626</u>	<u>24,642</u>	<u>984</u>
CMI Restoration Grant				
Payroll Expenses			-	
Employee Benefits			-	
Contract Labor			764	
Office Expense & Utilities			-	
Meetings & Travel			256	
Project Repairs & Maint.			10,212	
Insurances			-	
Other Expenditures			-	
	<u>16,038</u>	<u>11,232</u>	<u>11,232</u>	<u>-</u>
Parkland Program				
Payroll Expenses			62,025	
Employee Benefits			3,547	
Office Expense & Utilities			2,248	
Admin. Expense Allocation			5,553	
Printing & Publishing			58	
Training			40	
Meetings & Travel			241	
Maintenance, Repairs & Rentals			3,421	
Insurances			261	
Other Expenditures			733	
	<u>76,679</u>	<u>79,266</u>	<u>78,127</u>	<u>1,139</u>
Conservation Projects				
Payroll Expenses			7,851	
Employee Benefits			193	
Contract Labor			7,250	
Sale Material Costs			81	
Project Costs			22,837	
Office Expense & Utilities			1,494	
Admin. Expense Allocation			6,732	
Printing & Publishing			70	
Training			10	

See Accompanying Notes to Financial Statements



**Grand Traverse Conservation District**

Schedule 1

*Budgetary Comparison Schedule**General Fund**Year Ended September 30, 2006*

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	<i>Variance w/Amended Budget</i>
Conservation Projects - continued				
Meetings & Travel			37	
Maintenance, Repairs & Rentals			2,257	
Vehicle Maintenance			433	
Insurances			-	
Other Expenditures			330	
Vehicles & Equipment			2,055	
	<u>66,378</u>	<u>67,228</u>	<u>51,630</u>	<u>15,598</u>
Conservation Intern				
Payroll Expenses			5,084	
Employee Benefits			-	
Office Expense & Utilities			-	
Advertising & Promotion			604	
Meetings & Travel			332	
Other Expenditures			-	
	<u>6,050</u>	<u>6,050</u>	<u>6,020</u>	<u>30</u>
Nature Center				
Payroll Expenses			20,458	
Employee Benefits			751	
Office Expense & Utilities			207	
Consultant			803	
Printing & Publishing			776	
Meetings & Travel			40	
Other Expenditures			138	
Land Lease			1	
Construction Costs			37,431	
Office Equipment & Furniture			428	
	<u>748,669</u>	<u>79,124</u>	<u>61,033</u>	<u>18,091</u>
Seedling Sale				
Payroll Expenses			23,039	
Employee Benefits			826	
Office Expense & Utilities			1,104	
Printing & Publishing			1,886	
Advertising & Promotion			4,905	
Admin. Expense Allocation			2,053	
Sale Material Costs			31,359	
Sjipping			832	
Other Expenditures			-	
	<u>69,665</u>	<u>66,765</u>	<u>66,004</u>	<u>761</u>

See Accompanying Notes to Financial Statements

**Grand Traverse Conservation District**

Schedule 1

*Budgetary Comparison Schedule**General Fund**Year Ended September 30, 2006*

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	<i>Variance w/Amended Budget</i>
Boardman River Project				
Payroll Expenses			57,000	
Employee Benefits			1,870	
Contract Labor			365	
Sale Material Costs			-	
Project Costs			22,384	
Office Expense & Utilities			2,668	
Printing & Publishing			60	
Advertising & Promotion			651	
Admin. Expense Allocation			12,925	
Training			470	
Meetings & Travel			691	
Maintenance, Repairs & Rentals			1,836	
Vehicle Maintenance			901	
Insurances			233	
Other Expenditures			737	
Vehicles & Equipment			2,817	
Endowment			10,000	
	<u>134,686</u>	<u>133,387</u>	<u>115,608</u>	<u>17,779</u>
Boardman River Intern				
Payroll Expenses			1,166	
Employee Benefits			-	
Office Expense & Utilities			-	
Meetings & Travel			-	
Insurances			-	
Other Expenditures			-	
	<u>1,166</u>	<u>1,166</u>	<u>1,166</u>	<u>-</u>
Total Charges to Appropriations	<u>1,374,807</u>	<u>718,265</u>	<u>650,404</u>	<u>67,861</u>
Budgetary fund Balance	<u>\$ 208,166</u>	<u>\$ 196,485</u>	<u>\$ 269,773</u>	<u>\$ 73,288</u>

See Accompanying Notes to Financial Statements

OTHER INFORMATION (UNAUDITED)

# **Grand Traverse Conservation District**

## *Comments and Recommendations*

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We have audited the financial statements of the Grand Traverse Conservation District for the year ended September 30, 2006 and issued our report thereon dated January 11, 2007. As part of our audit, we studied and evaluated the District's internal control structure. Because the study and evaluation were only part of the overall audit plan regarding the financial statements, our study was more limited than would be necessary to express an opinion on the system of internal control taken as a whole. Accordingly, we do not express an opinion on the system of internal control of the District taken as a whole. As the result of our audit, we deem it necessary to make the following comments and recommendations.

### Opening Comments

Your executive director maintained the records of the District in good condition. We recognize that your Board and Treasurer are all volunteers and we commend them for their efforts to manage the District and oversee the accounting system. As part of a continuing effort to enhance internal control and improve the accounting system, financial reporting, and overall management, we offer the following comments and recommendations for your consideration.

### Journal Entries

We noted numerous journal entries to allocate expenses among various activities. These entries were recorded as an expense to an activity and revenue to general operations. This procedure causes an overstatement of both revenues and expenditures. However, the executive director presented reasonable support and explanations for the allocations. The allocations are made primarily to allocate various administrative expenses to the activities.

We also noted numerous entries to allocate grants and contributions to various activities. In general, grants and contributions are specific to an activity or for general use. Normally, revenues are recorded in whole according to source; however the District has multiple activities per source and allocates accordingly. We recommend continued maintenance of accurate records regarding the allocation of grants and contributions to various activities and ensure usage complies with the grant or contribution documents.

The procedures noted above aid the District with operations management and are not considered material deficiencies in its accounting system.

### Capital Outlay

Many small items of less than \$500 were coded to capital outlay accounts. Capital outlay accounts should only be used for expenditures for fixed asset additions or material improvements to fixed assets. Amounts under the capitalization threshold should be posted to another expenditure account such as supplies or repairs and maintenance.

# Grand Traverse Conservation District

## *Comments and Recommendations*

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### Budgeting

The District amended its general appropriations act to reflect additional funding sources and expenditures not previously anticipated.

### Other Items

The District does not use the voucher system required and outlined in the *Michigan Conservation District Uniform Accounting Procedures Manual*. However, approval, coding and other pertinent information is written on the face of the original invoice. A check voucher is attached to the original invoice and filed. Although procedures used by the District are not in compliance with the Manual, we do not consider this a material deficiency in the accounting system.

Finally, we noted the executive director and administrative assistant maintain a journal entry book detailing each entry with support attached. They should be commended for their efforts.

### Closing Comments

We are happy to discuss any of these recommendations and assist in their implementation. This report is intended solely for the information and use of the Grand Traverse Conservation District's management, and others within the organization. We further appreciate the courtesy extended our field auditors in the conduct of this audit engagement. Should any questions arise regarding these statements or the conduct of our audit, please call upon us.